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FILE ONLY

The seven regional telephone companies created by the divestiture of American Telephone & Telegraph Co. last year will join a Texas-based advanced computer research consortium, it was reported Monday.

The Austin American-Statesman said the companies will join the Microelectronics and Computer Technology Corp. through their central research and development arm, Bell Communications Research Inc., known as Bellcore.

Bellcore, headquartered in Livingston, N.J., declined comment and MCC said only that a new member is expected to join within two months.

Twenty major U.S. companies hoping to become more competitive with Japan have already joined MCC for long-term research into advanced computer architecture, software technology, component packaging and computer-aided design and manufacture.

The telephone companies reportedly ready to join MCC include Bell South, Southwestern Bell, Pacific Telesis, U.S. West, Ameritech, Bell Atlantic and Nynex.

The companies once owned by the Bell System are branching into other lines of business, including sales of computers and other information processing equipment.

Industry analysts said joining MCC would be a logical step for the companies because they are heavy users of computers and software.

"They face competition from a whole host of companies involved in communications," said Neal Yelsey, industry analyst for the Salomon Bros. investment firm. "The more modern their network is the more competitive they are in delivering (new) services."

MCC, headed by retired Adm. and former CIA Deputy Director Bobby Ray Inman, selected Austin in 1983 over sites in Atlanta, San Diego, Calif., and Raleigh-Durham, N.C.

MCC is operating out of temporary quarters while a \$20 million permanent research headquarters is being constructed on the University of Texas campus. The 200,000 square-foot center is expected to be ready for occupancy in mid-1986.

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WASHINGTON POST
13 January 1985

Loudoun Newcomer Puzzles Neighbors

Controversial Leader Lives On Heavily Guarded Estate

By John Mintz
Washington Post Staff Writer

If you look between the trees along Rte. 704 in rural Loudoun County one weekend day, you might see the men in camouflage fatigues going through their drills, local residents say.

Neighbors say they have grown accustomed to the groups of men with semiautomatic weapons rushing across the rolling fields of the Woodburn Estate outside Leesburg. On a recent Saturday, a resident said, he heard what he thought was shooting from the old estate. "It sounded like light mortar," the neighbor said. "A sort of a 'kapook.'"

The people who stay at the Woodburn Estate say there are no mortar emplacements on the premises. But they say guards there carry an array of handguns—Colt Combat Commanders, Walther PPKs, MAC10s—and other armaments. There are sandbag-buttressed guard posts near the estate's 13-room Georgian mansion, cement barriers along the road and sharp metal spikes in the driveway.

The heavy security is for Lyndon H. LaRouche Jr. LaRouche, who lives on the estate, is a perennial right-wing presidential candidate who is convinced he is in imminent danger of assassination by hit teams dispatched by the Libyans, the Soviets or narcotics pushers.

In part because LaRouche says he finds the Loudoun countryside safe, he and his associates are moving into the area in a big way. LaRouche's associates have bought three properties in the county worth a total of more than \$1 million, and they agreed to buy another for \$1.3 million until the deal fell through.

LaRouche, 62, is the leader of a tightly knit worldwide organization known for its shifting ideological stances and apocalyptic rhetoric, according to interviews with former associates of LaRouche, numerous individuals familiar with the group, and government and law enforcement officials, as well as an examination of the group's internal documents and publicly distributed literature.

LaRouche's group blames many of the world's ills on plots by the Soviet secret police, the queen of England, "the dope lobby," Jewish organizations and other groups it considers to be its enemies, the organization's literature shows. The group has 500 to 1,000 members, former associates of LaRouche say.

The group, which started as a left-wing socialist sect in the 1960s but which turned to the right in the

1970s, has espoused an ideology that some Jewish groups say is anti-Semitic. Its philosophy is a mishmash, but the main thrust is that LaRouche and his followers are virtually the only force on Earth able to stop nuclear war and world starvation.

The organization supports itself financially through a variety of means, including sales of its literature and intelligence-gathering for corporations and individuals, said LaRouche and some associates. He gets public funds as well—LaRouche's recent presidential campaign received \$494,000 in federal matching funds, federal records said.

So far, in addition to renting the Woodburn property, corporations operated by LaRouche's associates have bought three properties in Loudoun for \$1,048,000. At this point, about 25 of LaRouche's associates have joined LaRouche and his wife, Helga Zepp-LaRouche, in the Leesburg area, sources said.

The group also has decided to move many operations of its national headquarters from Manhattan to Loudoun, say people familiar with the group. As many as 200 LaRouche followers are expected to move there to work in a new printing plant and office complex the group is building in a Leesburg industrial park, according to former members of the group and a Loudoun County official.

In this historic region, where monuments pay tribute to Gen. Robert E. Lee's Confederacy and farms stay in the hands of families for seven generations, residents are greeting LaRouche with intense curiosity. They do not know how to react to him, and some are afraid.

"We feel if we rock the boat, they could get nasty with us," said one county resident who has dealt with LaRouche's associates but who, like most of the dozen or so local people interviewed, does not want to be identified. "We have to coexist with them, but we don't agree with their political beliefs."

To Leesburg Police Chief James Kidwell, Lyndon LaRouche's entry into Loudoun County is shaping up as a clash of cultures.

"Out here are more country people," Kidwell said. "It's a different world they're in. They'll learn as they go along. The things they're interested in, the country people aren't interested in."

Indeed, LaRouche and his group seem strikingly out of character in a variety of ways in slow-paced, neighborly Loudoun.

According to former members of LaRouche's organization and other individuals familiar with its operation, group members follow LaRouche's dictates almost without question. Members of the group—

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NEW YORK DAILY NEWS
13 January 1985

SECRET SUCCESS

Ex-spy mustering hi-tech forces

By WILLIAM H. INMAN

Austin, Tex. (UPI)—Bobby Ray Inman has swapped cloak and dagger for a businessman's mufti, classified secrets for proprietary ones, but the master spymaster is still outfoxing his competition.

The former CIA deputy director and chief of the ultrasecret National Security Agency heads what has been called one of the nation's great business experiments—an attempt by rival American companies to join forces and beat the Japanese at inventing the next generation of computers.

"Our success or failure here," he predicted of the hybridized outfit, Microelectronics and Computer Technology Corp., "will affect the long-term security of the United States and its

economic viability."

INMAN, 54, is no tyro when it comes to high tech. A self-styled technologist, he created electronic espionage networks for the Navy, the Defense Intelligence Agency, the CIA and the NSA, an agency so secretive few government leaders knew its function: to crack enemy codes, monitor foreign communications and shield U.S. secret transmissions.

But Inman no longer pursues that "ungentlemanly task of looking into other people's mail"—his words, paraphrasing a former secretary of state.

Instead, he's trying to create "an atmosphere of genius," a research work place conducive to brilliance, a place where the secrets of thinking machines can be unlocked—a daunting challenge even for an accomplished codebreaker.

BUT THE MCC experiment appears to be working, despite the long odds. Business leaders in other fields have contacted him about setting up similar joint research projects to meet the growing competition from abroad.

"One thing we have proven indisputably," said the soft-spoken admiral, sounding more like an introspective professor than a spy of three decades, "is that this is the way to meet the competition, a collaborative research effort. We have already made great headway on our projects and have

completed hiring our staff.

"We still have a long way to go before we see results. But we know now this was the way to do the job."

The first months at MCC were simply a battle of survival. Many corporate leaders felt the project was foredoomed because of a fundamental obstacle: The corporation was at odds with the Sherman Anti-Trust Act.

Already, the Justice Department was threatening to close down the project.

But nobody had counted on Inman's galvanizing presence. He and his proxies argued persuasively in the right corners of Washington. The competition was just too strong and unique, they argued. At stake was eminence in world technology. The winner will take all. The Japanese had a head start. An exception to an "archaic" rule had to be made.

IN AN extraordinary move, the Justice Department made an exception. In December 1982, it announced it did not object to the existence of a coalition of American business giants, a turnabout in the policy held since the trust-busting days of Teddy Roosevelt. Even so, the agency reserved the right to review the corporation's major programs for possible violations.

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Volatile Spy Chief

Casey Raises Morale And Budget at CIA, But Not Public Image

Stumbling on Covert Action Obscures Higher Quality Of Intelligence Analyses

The Nine Mexico Revisions

By DAVID IGNATIUS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Some years ago, William Casey wanted to buy a fancy house here that had already been promised to the Japanese embassy. The owner, a genteel society woman, worried about what she would say to the Japanese.

"Tell them," Mr. Casey replied, "Remember Pearl Harbor." The brash Mr. Casey didn't get the house.

That anecdote, told by one of Mr. Casey's close friends, illustrates the volatile personality of the current director of central intelligence. He is quick-witted and aggressive, but he is also impulsive, with an arrogant streak that often gets him in trouble.

As CIA director, Mr. Casey has demonstrated that same mix of good and bad traits, of smart decisions and dumb ones. He arrived four years ago hoping to restore the agency's morale, budget and public image after a damaging decade. He has done well on the first two goals, reviving enthusiasm at the CIA and giving it probably the largest proportionate budget growth of any agency. But he has failed to improve the CIA's image with Congress and the public—and may even have made it worse—largely because of his own mistakes.

Mr. Casey slipped on the banana peel of "covert action"—specifically the CIA's "covert" war against the government of Nicaragua. He plunged ahead, despite warnings from his own aides that the program couldn't be kept secret and would blow up in the CIA's face. When those pre-



William Casey

dictions came true, Mr. Casey made things worse by mishandling his already strained relationship with Congress.

"What Bill did wrong was to let the agency get back into large-scale covert action, which isn't covert action at all, but an unofficial form of warfare," argues Sen. Daniel P. Moynihan, a former member of the Senate Intelligence Committee and one of Mr. Casey's sharpest critics.

A leading member of the House Intelligence Committee sums up the balance sheet this way: "Mr. Casey deserves credit for improving morale at the agency. But he has focused the agency on the wrong thing—covert action. And I don't have any doubt that the image of the CIA today is as bad as it's been in recent years in Congress, and probably the country."

Irreverent New Yorker

Mr. Casey, a New Yorker who is irreverent toward official Washington, isn't wild about Congress, either. Exasperated by what he viewed as unfair congressional criticism, he joked to a friend recently: "The best thing about Washington is that it's only an hour from New York." Though he remains wary of Congress, aides say he now is trying hard to improve relations.

For all his failings, the cantankerous Mr. Casey is a colorful personality in a generally gray administration. He is a compulsive reader who races through several books in an evening. He has an Irishman's temper, with strong loyalties to his friends and long grudges against his enemies. And he is a notorious mumblor, who talks in gruff fragments of sentences that are often unintelligible.

"Casey gives the impression, because he mumbles, that he has a messy mind," says former CIA director Richard Helms. "But he doesn't have a messy mind at all. He has a tidy mind. And he has the street smarts of a lot of New Yorkers."

OSS and SEC

A CIA colleague once described Mr. Casey, only half in jest, as "an American colossus." He is certainly an American success story, a self-made millionaire who got where he is by hustling, playing politics and taking risks. As a young lawyer, he joined the wartime Office of Strategic Services and ran spies into Europe. Later, he made a fortune as a tax lawyer by publishing books about tax laws. Still later, he was chairman of the Nixon-era Securities and Exchange Commission. Finally, he managed President Reagan's 1980 presidential campaign.

Mr. Casey brought the same hard-charging, risk-taking style to the CIA, and it caused him problems. The agency, still struggling to recover from the traumas of the 1970s, was in many ways a frightened and self-protective institution when he arrived. It wanted public and congressional

support, and that meant avoiding controversies. Mr. Casey, in contrast, wanted to mobilize the agency and test the limits of its congressional mandate.

The new director plunged into his job with boyish enthusiasm—zapping off daily suggestions to CIA analysts, touring CIA stations overseas, and taking a personal hand in planning covert-action programs. In his eagerness to revive the agency, remarked one colleague, Mr. Casey sometimes acted "like a first-year case officer."

His greatest successes at the CIA have probably been in improving the analytical side of the agency, known as the directorate of intelligence. He told one friend in 1981 that he knew how to produce good intelligence estimates because he had earned a fortune doing the same thing in his tax guides—taking complex data and putting it into concise and readable form.

Mr. Casey started by reorganizing the intelligence directorate along mainly geographical lines, so that analysts studying the Soviet economy and the Soviet leadership worked in the same section rather than different ones. He increased the quantity and, by most accounts, the quality of CIA reports. And he installed Robert Gates, a widely respected young CIA officer, as deputy director for intelligence.

Some of the analytical reforms were simple. The CIA had never bothered, for example, to keep files of each analyst's work, so it was impossible to assess whether an analyst's predictions tended, over time, to be accurate. Mr. Casey and Mr. Gates started keeping files.

The CIA still makes too many mistakes. It correctly forecast some major events in Lebanon, from the Israeli invasion in 1982 to Syria's later intransigence, but it failed to provide specific warnings about the bombs that destroyed the American Embassy and Marine headquarters in Beirut in 1983. It correctly forecast that Yuri Andropov would succeed Leonid Brezhnev as Soviet leader, but it failed to predict the later succession of Konstantin Chernenko.

Trying Harder

Under Mr. Casey and Mr. Gates, analysts are at least trying harder. The intelligence community produced 75 interagency estimates in 1983, compared with about 12 in 1980, and the agency embarked on about 800 long-term research projects, studying everything from likely Soviet weapons in the year 2000 to the history of Shiite Islam in the 12th century.

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ABC NIGHTLINE
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When we come back, we'll get some different views on the issues we've raised as we talk live with Adm. Bobby Inman, former deputy director of the CIA, and with Time magazine diplomatic correspondent Strobe Talbott, who's written a highly acclaimed book about the Reagan administration and arms control.

KOPPEL: Joining us live now from our affiliate KVUE in Austin, Texas, Adm. Bobby Inman, former deputy director of the CIA and an expert on so-called 'Star Wars' antimissile technology. And in our Washington bureau, Strobe Talbott, whom I knew from a different incarnation as diplomatic correspondent for Time magazine. He is now their Washington bureau chief. More to the point,

he is author of 'Deadly Gambits,' the definitive book on arms control negotiations. Adm. Inman, let me begin with you. Let me try analyzing, which I

used to do years ago, what our Soviet friend said from Canada a moment ago. I interpret that as being if things go badly, then that's the way the United

States wanted it to be in the first place. If we wanted it to go well, it is within our power to do that. ADM. BOBBY INMAN (former deputy CIA director): You're exactly on target. One other correction I would make. In sort of letting the U.S. always be the one who moves out to new areas for new weapons, Soviets are the ones with the operational antisatellite system. The U.S. does not have an operational one.

KOPPEL: Why do you think the Soviet Union initiated or agreed to come to those talks? INMAN: The Soviets painted themselves into a corner with the propaganda

campaign they had going in Western Europe to block the deployment of the cruise missile and the Pershing. When the shoot-down of the Korean airliner caused that whole effort to collapse, they didn't have an easy retreat. But they're practical people. They believe there is a genuine prospect that the strategic defense initiative would work, and I believe that concern, that fear is the primary factor in the initiative that they've now started for a new round of talks.

KOPPEL: Strobe Talbott, let me ask you. Does it really matter whether it will work or not work as long as the Soviets believe that it might? STROBE TALBOTT (arms control expert): Well, I think that's... Your, your question suggests a good point. The very danger that it might work, that is, an American strategic defense initiative might work, obviously casts a whole pall of uncertainty over

their own military planning. And also, Ted, they have to worry a great deal whenever the United States moves into a whole new area of military technology. Perhaps 'Star Wars' might be disappointing to those who hope that it'll give us an impenetrable defense of our populations. But who knows what other military benefits it might give to the United States that the Soviets would then have to contend with? They are very frightened of American technology, and 'Star Wars' is a kind of apotheosis of that, and therefore terribly worrisome to them.

KOPPEL: All right. If you were responding to Alexander Podakin, and, indeed, there's no reason why he can't jump in right now, and he has said to us it is really in American hands to make this thing go well beyond the kind of limited goals that, that I sketched out earlier, you would say what? Was the question so vague, Strobe? TALBOTT: Sorry. I wasn't sure it was to me, Ted.